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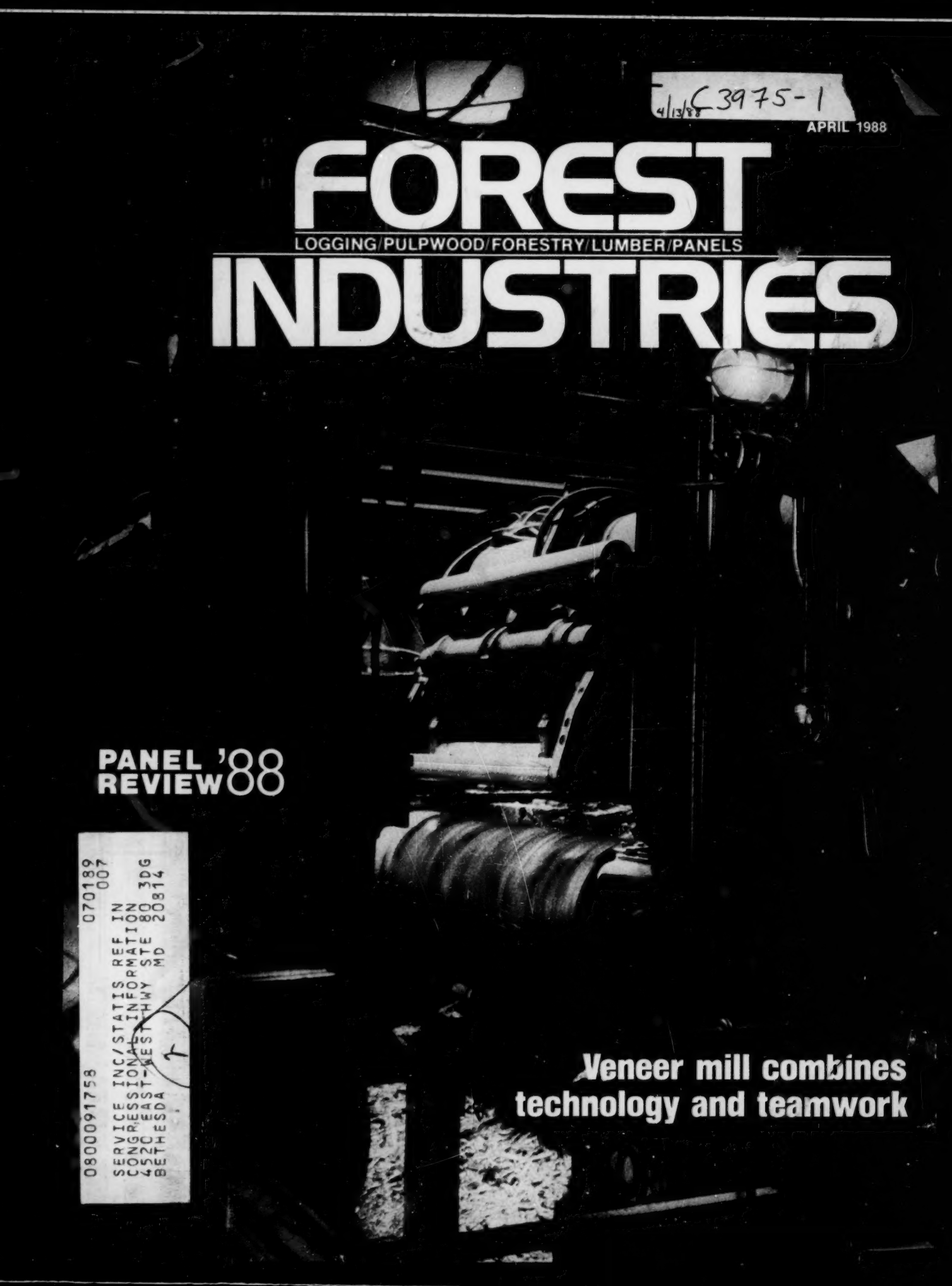

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Veneer mill combines technology and teamwork

1988 Volume 115 Number 4

APRIL

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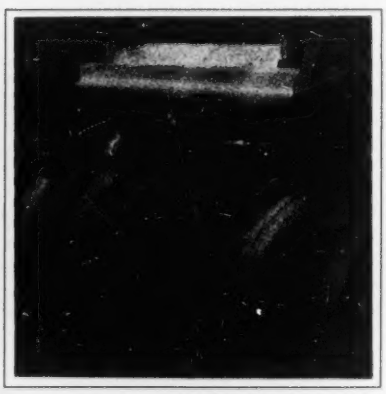

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Records are made to be broken, they say. The North American wood-based panel industry, and its customers, agreed in 1987. Increased export business accompanied strong domestic demand

Booming panel industry shatters output records

San Francisco, California

Record production levels characterized virtually all segments of the wood-based panel industry in the United States last year as strong export and non-housing markets more than offset slippage in residential construction.

Here are the figures, most of which are knowledgeable estimates pending final audits (also see table, below):

• Structural panels (including softwood plywood, oriented strand board and waferboard)—record output estimated at 27.3 billion ft² (⅜-in. basis), 88.2% of capacity. This is 6.5% above 1986 production, then a record. The 1987 figure may go higher when numbers are crunched.

• Particleboard—the standing record for shipments, set in 1972, was eclipsed last year with a figure estimated at 3.762 billion ft² (¾-in. basis), 88.7% of capacity. This was a 4.4% gain over 1986.

• MDF—another record. Estimated shipments of 902 million ft² (¾-in. basis) in 1987 were 15.5% above the previous year's level and 86.1% of capacity. MDF shipments have risen sharply every year since a severe dip to 448 million ft³ in the recession year of 1982.

• Hardboard—this segment has been laboring under the influence of a downward trend which, despite a spike in 1983, has possessed it for the past decade. Shipments in 1987 totaled 5.457 million ft² (⅛-in. basis), 6.3% below the previous year.

Figures above came from the major trade associations: American Plywood Assn., National Particleboard Assn. and American Hardboard Assn.

Canadian panel production was up in all categories last year (see sidebar, opposite page).

Structural panels

The combined production total for softwood plywood, waferboard and OSB represented the fifth consecutive annual production record for this element of the industry.

Each of the main production segments—plywood and non-veneer panels—achieved new records as well. Plywood alone accounted for 23.3 billion ft², while the newer kids on the block reached nearly 4 billion ft².

Comparable 1986 figures were 22.1 billion ft² for softwood plywood and 3.3 billion ft² for waferboard and OSB.

The most recent assessments by APA point to "an excellent prospect" of structural panel demand remaining at about the same level in 1988, despite slower housing activity. APA predicts housing starts this year at 1.55 million units, compared with 1.62 million in 1987.

Non-residential construction is also likely to soften slightly, but continued expansion in home repair and remodeling, industrial markets and export sales is foreseen by the association.

It was the booming export market that helped lift structural panel production in 1987. Offshore panel shipments reached a record 795.5 million ft². The previous export record was 790.8 million ft², set in 1975. (The 1975 figure was boosted by 394 million ft² shipped to Canada to offset production lost to a strike among B.C. mills.)

APA predictions call for export shipments to reach 1 billion ft² in 1988.

According to Tom Fast, APA international operations director, European markets improved dramatically in 1987.

Shipments to the United Kingdom, the U.S. industry's largest single market, jumped 110% over 1986; the Bel-

U.S. Panel Production, 1977-1987

(thousand ft²)

Year	Structural panels (⅜-in. basis)	Particleboard[1] (¾-in. basis)	Hardboard[1] (⅛-in. basis)	MDF[1] (¾-in. basis)
1977	19,376,000	3,592,910	7,200,000	441,354
1978	19,964,000	3,720,369	7,800,000	508,416
1979	19,653,000	3,376,488	7,687,798	506,728
1980	16,488,000	2,949,897	6,140,000	493,140
1981	17,023,000	2,869,352	6,104,000	516,102
1982	16,402,554	2,393,066	5,586,918	446,157
1983	20,821,342	2,919,544	7,302,702	605,098
1984	21,967,917	3,195,586	6,837,118	634,974
1985	22,838,170	3,330,517	6,300,146	384,593
1986	25,632,830	3,602,757	5,822,328	780,598
1987	27,300,000[2]	3,762,586[2]	5,457,508	901,650[2]

[1] Shipments; [2] Estimated.

gium and Luxembourg market received 46% more plywood last year than the year before; and the recently developed Italian market recorded a gain of 114% over 1986, Fast said.

Japan is still a small market for U.S. softwood plywood, but even so, shipments in 1987 totaling just over 12 million ft² represented an increase of 42% over 1986.

Other reconstituted panels

Particleboard capacity in the United States at the end of 1987 was 4.242 billion ft² (¾-in. basis) annually, according to a National Particleboard Assn. survey. This figure should rise to 4.282 billion ft² in 1988 with completion of the Georgia-Pacific Corp. plant at Gaylord, Mich.

Future capacity increases scheduled are Allegheny Particleboard Corp., Mt. Jewett, Pa., 186 million ft², early 1989, and Masonite Corp., Waverly, Va., 100 million ft², early 1990.

MDF capacity as of Jan. 1, 1988 stood at 1.047 billion ft² (¾-in. basis), according to the NPA survey. By the end of the year, this figure should increase to 1.218 million ft² with completion of four projects: Georgia-Pacific Corp., Holly Hill, S.C., 19 million ft²; Louisiana-Pacific Corp., Eufaula, Ala., and Urania, La., each 50 million ft²; and Weyerhaeuser Co., Broken Bow, Okla., 52 million ft².

On target for completion in late 1989 is the Reincorp International Inc. plant in Washington County, Ala., 100 million ft².

Hardboard shipments in 1988 should continue at a level approximately equal to last year's figure, according to the American Hardboard Assn.

The big gainers

Two product categories leap out of the statistics in terms of growth within the past decade.

By APA figures, in 1980 there were five waferboard/OSB mills in the United States producing 196 million ft² (¾-in. basis), 44% of waferboard/OSB capacity and 1% of total structural panel capacity. In 1986, there were 24 mills producing 3.545 billion ft², 82% of waferboard/OSB capacity and 12% of total structural panel capacity.

Add three mills and about 400 million ft² in 1987. Final production totals should represent about 82% of waferboard/OSB capacity and remain at 12% of total structural panel capacity.

MDF has been around a little longer, but not much. Shipments since 1977 have increased 104.2%. ■

Strong housing helps boost Canadian production

VANCOUVER, B.C.—Wood-based panel production in Canada moved up sharply in 1987, a year after softwood plywood production in British Columbia was depressed due to a lengthy strike.

Plywood output in B.C. leaped 23.7% above 1986, while nationwide production figures for softwood plywood, waferboard (including OSB) and particleboard focused narrowly on 19% as a measurement of gain in 1987 over 1986.

Shipment volumes nationwide ran a little behind production, but for products above were between 17% and 18% ahead of 1986. Hardboard shipments were up by 2.6%.

Statistics Canada reported these figures for 1987 (1986 in parentheses):

- Softwood plywood—production in 1987 was 2,229,000 m³ (1,876,896 m³), up 18.8%; shipments were 2,222,979 m³ (1,887,557 m³), up 17.8%.
- Waferboard—output last year was 1,607,171 m³ (1,347,638 m³), up 19.3%; shipments amounted to 1,589,385 m³ (1,355,587 m³), up 17.2%.
- Particleboard—production in 1987 totaled 1,355,107 m³ (1,139,253 m³), up 18.9%; shipments were 1,309,762 m³ (1,115,095 m³), up 17.5%.
- Hardboard—last year's production reached 138,757 m³ (1986 not reported); shipments were figured at 139,163 m³ (135,650 m³), up 2.6%.

British Columbia softwood plywood mills produced 2.144 billion ft² (⅜-in. basis) last year, according to the Council of Forest Industries of B.C., representing 80% of all Canadian plywood.

The B.C. figure marked the highest production level since 1980 and was a 33% increase over 1982, the industry's low point during the recession.

Markets in Canada received most B.C. softwood plywood. Canadian housing starts were up substantially in 1987 and were described by COFI as "a key component in the renewed vitality of the plywood industry."

Exports, at 266.7 million ft², were down 6% from 1986 as a result. The biggest reduction came in shipments to EC markets. However, shipments to Japan were up substantially.

Japanese customers have responded favorably to B.C.'s Quality Certified COFI Exterior plywood, noted a COFI spokesperson. In 1987, COFI was the first foreign testing organization to be authorized to certify wood products to JAS standards. Required performance markings can be applied at the mills, eliminating costly reinspections otherwise required in Japan.

The Japanese approval adds to the international recognition of COFI certified plywood, which achieved similar DIN status in Germany in 1985. It also reflects favorably on the work conducted at the COFI Technical Centre, according to the organization.

B.C. plywood mills have been engaged in a substantial amount of modernizing and retrofitting, driven by the booming market and, according to some sources, by higher stumpage costs which encourage improved recovery.

From the product side, COFI's plywood affiliates are becoming more customer-driven and tailoring products to suit specific market requirements.

COFI Exterior plywoods for concrete form, heavy-duty plywood floor systems with non-skid coated surfaces, and a new roof panel are some of the specialty products developed by B.C. producers. The new roof panels were developed at the COFI Technical Centre.

"Product refinement and new product development are helping our manufacturers keep their competitive edge," remarked Art Kempthorne, COFI's director of technical services. "There's no denying we have been facing tough competition in recent years from other panel products but we're in fighting trim and more than ready to defend and expand our markets."

COFI has been defending the interests of B.C. producers in matters pertaining to the Canada-U.S. Free Trade Agreement, and its impact on plywood trade is under review.

"We don't foresee any major shifts in the immediate future as tariff reductions will be phased in over 10 years," Kempthorne said. "We are disappointed that the agreement will continue to give U.S. producers a tariff advantage, currently 5%, throughout the 10-year period. The question of harmonizing standards will also have to be addressed and we hope it can be done on a sound technical basis, through established procedures in both countries.

Canadian particleboard manufacturers have capital projects on the books that will increase capacity by 20% in 1988 and 1989. Four Canadian Particleboard Assn. members have installed surface laminating lines, with emphasis on melamine-impregnated paper overlays, and completion of another melamine overlay line is expected in 1988. ■

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